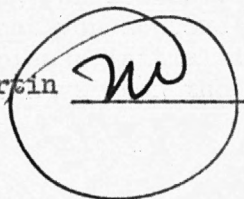


The attached set of minutes of the Board of Governors of the Federal Reserve System for July 29, 1957, which you have previously initialed, has been amended at the request of Governor Mills to change the wording of the second full paragraph on the ninth page.

Chm. Martin



Minutes for July 29, 1957

To: Members of the Board

From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, if you were present at the meeting, please initial in column A below to indicate that you approve the minutes. If you were not present, please initial in column B below to indicate that you have seen the minutes.

	A	B
Chm. Martin	x <u>W</u>	_____
Gov. Szymczak	x <u>[Signature]</u>	_____
<u>1/</u> Gov. Vardaman	_____	x _____
Gov. Mills	x <u>[Signature]</u>	_____
Gov. Robertson	_____	x _____
Gov. Balderston	x <u>CCB</u>	_____
Gov. Shepardson	x <u>[Signature]</u>	_____

1/ In accordance with Governor Shepardson's memorandum of March 8, 1957, these minutes are not being sent to Governor Vardaman for initial.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, July 29, 1957. The Board met in the Board Room at 2:30 p.m.

PRESENT: Mr. Martin, Chairman
 Mr. Balderston, Vice Chairman
 Mr. Szymczak
 Mr. Mills
 Mr. Shepardson

Mr. Carpenter, Secretary
 Mr. Fauver, Assistant Secretary
 Mr. Riefler, Assistant to the Chairman
 Mr. Thomas, Economic Adviser to the Board
 Mr. Molony, Special Assistant to the Board

Messrs. Marget, Bangs, Dahl, Gemmill, Katz, Sammons, and Wood of the Division of International Finance

Messrs. Noyes, Robinson, and Koch, Miss Burr, and Messrs. Brill, Eckert, Gehman, Trueblood, Miller, T. Smith, Wood, and Yager of the Division of Research and Statistics

Review of economic developments. The staff of the Division of International Finance presented a summary of international economic developments following which the staff of the Research Division reviewed developments in the domestic economy. In summarizing the international situation, Mr. Marget indicated that there appeared to be some scattered evidence of a slackening in demand pressures but the evidence was not universal and there was no certainty that it would continue. Where such evidences existed they appeared not to be the result of a "boom" wearing out, but rather the result of measures of restraint having been taken. The domestic economy also showed mixed trends with activity continuing at high level and further evidences of rising prices.

7/29/57

-2-

Following the economic review, all the members of the staff withdrew from the meeting except Messrs. Carpenter, Fauver, Riefler, Thomas, Noyes, and Koch, and Messrs. Masters, Director, and Nelson, Assistant Director, Division of Examinations, and Mr. Solomon, Assistant General Counsel, entered the meeting.

Discount rates. There were presented telegrams proposed to be sent to the following Federal Reserve Banks approving the establishment without change by the respective Banks on the dates indicated of the rates of discount and purchase in their existing schedules:

St. Louis	July 23
San Francisco	July 24
New York	July 25
Cleveland	July 25
Richmond	July 25
Atlanta	July 25
Chicago	July 25
Minneapolis	July 25
Kansas City	July 25
Dallas	July 25

The telegrams were approved unanimously.

Items circulated to the Board. The following items, which had been circulated to the members of the Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

Item No.

1

Letter to The First National City Bank of New York approving the establishment of a branch in Valencia, Venezuela. (For transmittal through the Federal Reserve Bank of New York)

7/29/57

-3-

Item No.

- Letter to The Bridgeport-City Trust Company, Bridgeport, Connecticut, approving the establishment of a branch in South Norwalk, Connecticut, incident to a proposed merger of The South Norwalk Trust Company into the applicant bank. (For transmittal through the Federal Reserve Bank of New York) 2
- Letter to Dauphin Deposit Trust Company, Harrisburg, Pennsylvania, consenting to a merger of People's Bank, Steelton, Pennsylvania, into the applicant bank and approving the establishment of a branch in Steelton by the continuing bank. (For transmittal through the Federal Reserve Bank of Philadelphia) 3
- Letter to Jenkintown Bank and Trust Company, Jenkintown, Pennsylvania, approving the establishment of a branch in Abington Township, Montgomery County. (For transmittal through the Federal Reserve Bank of Philadelphia) 4
- Letter to the Federal Reserve Bank of Philadelphia extending the time within which The Reading Trust Company, Reading, Pennsylvania, may establish a branch at the corner of Fifth and Cherry Streets. 5
- Letter to the Comptroller of the Currency submitting an unfavorable recommendation with respect to an application to organize a national bank at Point Pleasant, West Virginia. (With a copy to the Federal Reserve Bank of Richmond) 6
- Memorandum from the Division of Personnel Administration recommending a program for recognition of persons who retire from the Board's staff. 7
- Order to be published in the Federal Register granting an extension to May 1, 1958, of time within which Brenton Companies shall acquire a majority of the voting shares of the proposed South Des Moines National Bank, Des Moines, Iowa. 8

Additional investment in bank premises by Liberty Bank of Buffalo, New York (Item No. 9). The Secretary referred to an

7/29/57

-4-

application submitted by the Liberty Bank of Buffalo, New York, for authority, under the provisions of Section 24A of the Federal Reserve Act, to make an additional investment in bank premises in the amount of \$22,000. The file was brought up for consideration at this meeting since the bank's option on the property which it wished to buy would expire on August 1, 1957. After the circumstances involving the application were outlined, the Chairman suggested that the file be circulated among the members of the Board and that the letter attached hereto as Item No. 9 be regarded as approved in the absence of objection on the part of a member of the Board. The Chairman's suggestion was approved unanimously.

Secretary's Note: The file was circulated in accordance with the above action of the Board and, the members of the Board having approved the proposed letter, it was sent under date of July 30, 1957.

Application to organize national bank at Almeda, Texas. A request had been received from the Comptroller of the Currency for a recommendation by the Board with respect to an application to establish a national bank at Almeda, Texas, an unincorporated community on the southern fringe of Houston. On the basis of a field investigation, the Federal Reserve Bank of Dallas concluded adversely with regard to prospective earnings of the enterprise and considered the question of convenience and need of the community for the bank a borderline one. In

7/29/57

-5-

taking the position that the application was premature, at best, the Reserve Bank indicated that its thinking was influenced by the fact that the Bank of the Southwest, National Association, of Houston, of which the Almeda bank would be an affiliate, had engaged in a program of establishing a number of outlying affiliated banks to serve as feeder institutions for the parent bank rather than to supply a real need for banking facilities in the areas concerned. In addition, it was noted that an application for a State charter had been filed by substantially the same group, that an unfavorable recommendation was made by investigating examiners for the Federal Deposit Insurance Corporation and the State banking authorities, and that the application then was withdrawn without formal action on the part of the State authorities.

In appraising the report of the Dallas Reserve Bank, Mr. Nelson, Assistant Director of the Division of Examinations, talked by telephone with Vice President Pondrom, who agreed that the proposed bank's capital would be adequate, that the management would be satisfactory, and that the bank apparently could operate satisfactorily. However, after repeating the factors that had led the Reserve Bank to suggest an unfavorable recommendation, Mr. Pondrom indicated that there had been no change in the situation which would cause the Reserve Bank to regard the application more favorably. On the other hand, it appeared that

7/29/57

-6-

the Bank would not be greatly concerned if the application were to be approved.

With the file the Division of Examinations submitted for the Board's consideration a draft of letter to the Comptroller of the Currency which, after citing the favorable and unfavorable aspects of the application, would express the opinion that the facts were not such as to warrant an adverse recommendation. When the file was in circulation to the Board, Governor Balderston appended a note in which he inquired whether the evidence was believed to be clear enough for the Board to make a recommendation contrary to the advice of the Dallas Reserve Bank.

At the Chairman's request Mr. Masters reviewed again the circumstances surrounding this case and reiterated the recommendation of the Division of Examinations that approval be given despite the contrary position of the Dallas Bank. The Chairman referred to the policy of the Board not to take action contrary to the recommendation of the Federal Reserve Bank without giving the Bank an opportunity to be heard or submit further comment. The Secretary stated that, in accordance with that policy, if the Board felt that the application should be approved the Federal Reserve Bank of Dallas would be given such an opportunity.

Governor Shepardson said that from his personal knowledge of the situation in the Alameda area, he had some question about the need

7/29/57

-7-

for another bank at this time, although one might easily be justified in two or three years at the rate the community was expanding.

At the conclusion of the discussion, it was agreed to postpone final action until the matter had been discussed further with President Irons who was in Washington.

The Chairman then referred to a call he had received during the meeting from Senator McClellan of Arkansas relating to the application for a branch which had been filed by the Worthen Bank and Trust Company of Little Rock, Arkansas.

Mr. Nelson stated that this matter was now in circulation to the members of the Board with a recommendation that the branch be approved. It was understood that Mr. Nelson would prepare a memorandum setting forth the facts which could be used as a basis for a reply by the Chairman to Senator McClellan.

Adequacy of bank capital (Item No. 10). In a letter addressed to Mr. Hackley, General Counsel, under date of July 19, 1957, Mr. E. Henry Powell, General Secretary of the Savings Banks Association of the State of New York, inquired what tests the Federal Reserve was applying to bank capital and in what way The Continental Bank and Trust Company, Salt Lake City, Utah, had failed to meet these tests.

A proposed reply, which had been circulated to the members of the Board, would be in the form hereafter referred to except that it would enclose a copy of the form for analyzing bank capital used by the Division of Examinations in connection with consideration of problems regarding the adequacy of bank capital.

7/29/57

-8-

When the file was in circulation, Governor Mills raised a question concerning the advisability of transmitting a copy of the form for analyzing bank capital, stating that to supply the form might suggest that conclusive importance in determining a bank's capital adequacy was placed on the application of the formula whereas, particular in the Continental hearings, it was stressed that character of management and quality of assets outrank the formula approach. He also felt that there might be justification for providing the form for the use of a supervisory authority, but that this would not hold true with respect to a banking association. Other members of the Board who received the file after Governor Mills had attached his note indicated that they concurred in his views.

Accordingly, the proposed reply was unanimously approved, in the form attached as Item No. 10 with the paragraph relating to the form deleted.

Study of the financing problems of small business (Item No. 11).

Chairman Martin referred to a letter from Senator Fulbright, Chairman of the Banking and Currency Committee, a copy of which is attached to these minutes as Item No. 11. At Chairman Martin's request, copies of the letter from Senator Fulbright had been distributed to the other members of the Board.

Mr. Noyes commented briefly on the progress made by the special System committee looking into the feasibility of a small business study. He commented that the committee should be ready to submit a possible

7/29/57

-9-

outline for the requested study to the Board within a day or two, and that the reply to Senator Fulbright might be delayed pending the Board's consideration of the outline.

Mr. Thomas suggested that the Reserve Bank Presidents be given an opportunity to consider the outline of the study before final approval by the Board, pointing out that in the past Presidents had expressed some feeling about System projects being undertaken without giving the Reserve Banks an opportunity to comment.

During the discussion Governor Mills mentioned that he had had a telephone call from Mr. Walter French of the American Bankers Association reporting that the Association considered such a study very worth while and that its cooperation in carrying it out could be counted upon. Governor Mills also mentioned that reference to Senator Fulbright's letter had been published in the American Banker.

It was understood that the Board would consider the matter further after outline for the study was available.

The meeting then adjourned.

Secretary's Notes: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson approved on behalf of the Board on July 25, 1957, the following actions regarding the Board's staff:

Appointment

Kathryn A. Jackson as Statistical Clerk, Division of Bank Operations, with basic salary at the rate of \$3,415 per annum, effective the date she assumes her duties.

7/29/57

-10-

Salary increases, effective July 28, 1957

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Office of the Secretary</u>			
Irene D. Lewis, Clerk		\$3,840	\$4,080
Mildred E. Pilger, General Assistant ^{1/}		5,780	5,980
Elizabeth P. Vanni, Minutes Clerk		3,670	3,755
<u>Research and Statistics</u>			
Cornelia J. Motheral, Statistical Assistant		4,345	4,480
<u>Bank Operations</u>			
Marjorie F. Jones, Statistical Assistant		5,160	5,295
John N. Kiley, Jr., Technical Assistant		8,430	8,645

On July 26, 1957, Governor Shepardson approved on behalf of the Board a letter to the Federal Reserve Bank of Cleveland approving the designation of 13 persons as special assistant examiners. A copy of the letter is attached hereto as Item No. 12.

Governor Shepardson noted on behalf of the Board on July 26, 1957, a memorandum dated July 22, 1957, from Mr. Johnson, Controller, advising that Josephine E. Lally, Deputy Disbursing Officer in the Office of the Controller, had applied for retirement under the Retirement System of the Federal Reserve Banks effective August 1, 1957.

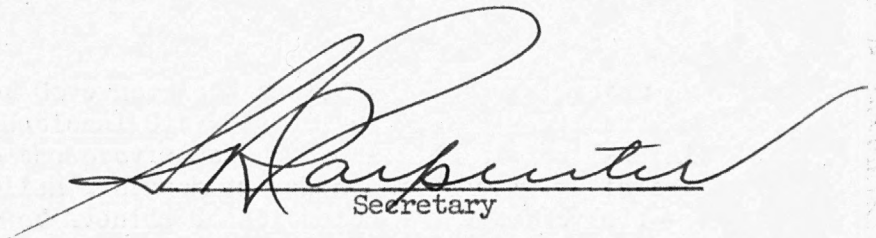
On July 29, 1957, Governor Shepardson approved on behalf of the Board the designation of Miss Susan Burr, Assistant Director, Division of Research and Statistics, to represent the Board at the President's Conference on Technical and

^{1/} Temporary change in title from Supervisor, Administrative, Subject, and FOMC Files, for a period of approximately three months, after which she will return to the previous position.

7/29/57

-11-

Distribution Research for the Benefit
of Small Business to be held in Washington
on September 24-26, 1957. A copy of the
letter to the Office of the Executive
Director of the Conference advising of
this designation is attached hereto as
Item No. 13.



A. Carpenter
Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 1
7/29/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 29, 1957

The First National City Bank of New York,
55 Wall Street,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System authorizes The First National City Bank of New York, New York, New York, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish a branch in Valencia, Venezuela, to be located at the corner of Avenida Constitucion and Avenida Independencia, Valencia, and to operate and maintain such branch subject to the provisions of such Section; upon condition that, unless the branch is actually established and opened for business on or before August 1, 1958, all rights granted hereby shall be deemed to have been abandoned, and the authority hereby granted shall automatically terminate on such date.

Please advise the Board of Governors in writing, through the Federal Reserve Bank of New York, when the branch is established and opened for business. It is understood, of course, that no change will be made in the location of such branch without the prior approval of the Board of Governors.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 2
7/29/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 29, 1957

Board of Directors,
The Bridgeport-City Trust Company,
Bridgeport 2, Connecticut.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System approves the establishment of a branch at 93 Washington Street, South Norwalk, Connecticut, by The Bridgeport-City Trust Company, Bridgeport, Connecticut, incident to the proposed merger of The South Norwalk Trust Company, South Norwalk, Connecticut, with and into The Bridgeport-City Trust Company under the new corporate title "City Trust Company," Bridgeport, Connecticut, provided (a) the merger is effected substantially in accordance with the agreement of merger dated July 17, 1957, submitted through the Federal Reserve Bank of New York, and (b) the merger and establishment of the branch is accomplished within six months from the date of this letter.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 3
7/29/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 29, 1957

Board of Directors,
Dauphin Deposit Trust Company,
Harrisburg, Pennsylvania.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Philadelphia, the Board of Governors of the Federal Reserve System hereby gives its consent under section 18(c) of the Federal Deposit Insurance Act to the merger of People's Bank, Steelton, Pennsylvania, with and into Dauphin Deposit Trust Company, Harrisburg, Pennsylvania, and approves the establishment of a branch in Steelton by the continuing bank at the present location of People's Bank, provided (1) the transactions are effected substantially in accordance with the agreement between the parties dated May 27, 1957, and completed within six months from the date of this letter, and (2) shares of dissenting stockholders of the constituent corporations which may be acquired by the continuing corporation are sold within six months from the date of such acquisition.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 4
7/29/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 29, 1957

Board of Directors,
Jenkintown Bank and Trust Company,
Jenkintown, Pennsylvania.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Philadelphia, the Board of Governors of the Federal Reserve System approves the establishment of a branch by the Jenkintown Bank and Trust Company, Jenkintown, Pennsylvania, in the Benson-East Apartments, located on the northwest corner of the intersection of Old York and Township Line Roads in Abington Township, Montgomery County, Pennsylvania, provided the branch is established within one year from the date of this letter, and approval given by the State authorities is effective as of the date it is established.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 5
7/29/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 29, 1957

Mr. E. C. Hill, Vice President,
Federal Reserve Bank of Philadelphia,
Philadelphia 1, Pennsylvania.

Dear Mr. Hill:

In view of the circumstances outlined in your letter of July 18, 1957, the Board of Governors extends until February 28, 1958, the time within which The Reading Trust Company, Reading, Pennsylvania, may establish an in-town branch at the southwest corner of Fifth and Cherry Streets, under the authorization contained in the Board's letter of February 28, 1957.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 6
7/29/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 29, 1957

Comptroller of the Currency,
Treasury Department,
Washington 25, D. C.

Attention Mr. W. M. Taylor,
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated May 23, 1957, enclosing copies of an application to organize a national bank at Point Pleasant, West Virginia, and requesting a recommendation as to whether or not the application should be approved.

A report of investigation of the application made by a representative of the Federal Reserve Bank of Richmond indicates that the proposed capital structure of the bank would be adequate based upon the volume of business anticipated. However, it appears that the prospects for profitable operations of the bank are not very favorable, the proposed active management is lacking in the experience necessary to assure sound administration of its affairs, and there is not a sufficient need for another bank at Point Pleasant at this time. In view of the unfavorable factors in this situation, the Board of Governors does not feel justified in recommending approval of the application.

The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office if you so desire.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

7/29/57

Date July 23, 1957

Office Correspondence

To Board of Governors
From Division of Personnel Administration

Subject: Recognition Program--Receptions
for Retiring Employees

Recommendation

It is recommended that effective immediately a recognition program be established to provide for a reception for each member of the Board's staff at the time of his or her retirement and that the cost of each reception be paid out of Board funds, not to exceed approximately \$75. The proposed program is outlined below.

Proposed Program for Handling Receptions

1. The reception will be planned by the Division in which the individual is employed. This will include arranging the time and place as well as negotiations with the cafeteria. The Division of Personnel Administration will be available for consultation and will review the plans to assure that no inequities will arise in connection with these receptions.
2. There will be no distinction between the official and nonofficial staff in determining the size and type of receptions. It is generally expected that the Division planning the reception will be able to determine the approximate number of persons who might attend.
3. The cost for the reception will cover refreshments (including the normal mark-up), overtime for cafeteria employees, and incidentals such as flowers, paper cups, napkins, laundering table linens, corsages, etc.
4. The receptions will generally be held in the staff dining room or in the cafeteria as determined by the Division planning the reception. It is expected that in a few instances, because of the personal request of the employee retiring, it may be preferable to have a small reception in an office in one of the Divisions or in some cases an individual may request that no reception be given. If such should be the case the employee's request would be recognized.
5. The Division of Personnel Administration will provide in its budget for the cost of these receptions.

To: Board of Governors

-2-

There is no provision in the 1957 budget for receptions paid for this year. This Division will be responsible for approval of the estimated cost before each reception and will approve the actual cost for functioning by the Office of the Controller.

Three retirements at age sixty-five are scheduled in 1957, one of which (Mr. Sloan) has occurred. In addition, there are six retirements prior to age sixty-five expected at this time, two of which (Messrs. Vest and Stone) have occurred. The cost for the three receptions held thus far in this year, for which the Board paid in accordance with Board approval, totaled \$195.66. The cost for the six others scheduled would not exceed approximately \$450, with the total for all receptions of this type in 1957 being approximately \$650.

Two retirements at age sixty-five are scheduled in 1958; six in 1959; six in 1960; and, 12 in 1961. There will be an additional number resulting from early or disability retirements.

E. J. Johnson

Item No. 8
7/29/57

UNITED STATES OF AMERICA

BEFORE THE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

IN THE MATTER OF
THE APPLICATION OF
BRENTON COMPANIES
FOR APPROVAL PURSUANT TO
SECTION 3(a)(2) OF BANK HOLDING
COMPANY ACT OF 1956

ORDER EXTENDING TIME FOR COMPLETION OF
ACQUISITION OF VOTING SHARES OF
SOUTH DES MOINES NATIONAL BANK

In the matter of the application of Brenton Companies for approval of acquisition of voting shares of South Des Moines National Bank, Des Moines, Iowa.

The above matter having come before the Board on the application of Brenton Companies, Des Moines, Iowa, dated January 10, 1957, filed pursuant to the provisions of section 3(a)(2) of the Bank Holding Company Act of 1956, for prior approval of acquisition by Brenton Companies of direct ownership of 51 per cent to 95 per cent of a total of 2,000 voting shares of the proposed South Des Moines National Bank, Des Moines, Iowa, and it appearing after due consideration thereof in the light of the factors enumerated in section 3(c) of the Bank Holding Company Act of 1956 that such application should be granted,

And such application having been granted pursuant to Order of the Board, dated July 1, 1957, provided the acquisition is completed within three months from the date of the Board's Order,

IT IS HEREBY ORDERED, That the time in which such acquisition may be completed is extended to May 1, 1958.

This 29th day of July, 1957.

By order of the Board of Governors.

(SEAL)

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 9
7/29/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 30, 1957

Mr. A. Phelan, Vice President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Phelan:

Reference is made to your letter of July 23, 1957, submitting with a favorable recommendation the request of the Liberty Bank of Buffalo, Buffalo, New York, for approval under Section 24A of the Federal Reserve Act of an additional investment of \$22,000 in bank premises for the purpose of acquiring and improving a parking lot for use by customers of its South Park Office. Under previous approvals given by the Board of Governors, the bank's depreciated investment in bank premises now amounts to \$2,927,400 and exceeds its capital by \$177,400.

The Board of Governors has given consideration to the information submitted and approves the additional investment of \$22,000 by the Liberty Bank of Buffalo for the above described purpose. Please advise the bank accordingly.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 10
7/29/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 29, 1957



Mr. E. Henry Powell, General Secretary,
The Savings Bank Association of the State of New York,
110 East 42nd Street,
New York 17, New York.

Dear Mr. Powell:

This refers to your letter of July 19, 1957, addressed to Mr. Hackley, General Counsel, regarding the question of the adequacy of bank capital, particularly in connection with the hearings concerning The Continental Bank and Trust Company of Salt Lake City, Utah.

It is believed that it would not be appropriate for the Board to express views with respect to the adequacy or inadequacy of the capital of a particular bank, especially in a case such as that involving The Continental Bank and Trust Company. In this case, evidence is being presented before a hearing examiner and the matter will later come before the Board for decision. Copies of the transcript in the proceeding may be obtained from Reporter Clair Johnson, Certified Shorthand Reporter, 2582 Kensington Avenue, Salt Lake City 8, Utah, or the transcript may be examined at the offices of the Board in Washington.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

Enclosure

Item No. 11
7/29/57

United States Senate

COMMITTEE ON BANKING AND CURRENCY

July 25, 1957

Hon. William McChesney Martin, Jr.
Chairman, Board of Governors
Federal Reserve System
Washington 25, D. C.

Dear Mr. Chairman:


You will recall our discussions in my office and during your testimony before this Committee on June 20 about the financing problems of small business and the proposed study by the Federal Reserve Board.

This matter was discussed at the meeting of the Committee on July 9. No formal action was taken by the Committee, but I think it is the general consensus, and certainly it is my view, that we welcome the proposed study by the Federal Reserve Board.

You will also recall that the Committee has had before it a number of bills dealing with this problem, including S. 2160 (Senator Sparkman and others) and S. 2286, which I introduced. These bills were the subject of hearings, along with legislation extending and otherwise dealing with the Small Business Administration. The Committee has reported a bill providing for a one year extension of the Small Business Administration on the understanding that the House-passed bill on the same subject and other legislation dealing with the general problem will be considered again early in the next session of Congress. For this reason, it would be very helpful if we could have a report from you on the results of your study by March 1, 1958.

It is my view that there is already in existence a great body of information showing a gap in the credit structure of this country in the availability of equity and long term capital for small- and medium-size business. I would hope, therefore, that the study which you undertake will devote itself primarily to finding a means by which this gap may be filled and that you will be able to recommend to the Committee specific legislation for this purpose. My personal opinion is that S. 2160 and S. 2286 constitute a basis for such legislation.

Sincerely yours,


J. W. Fulbright
Chairman

JWF:yc

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 12
7/29/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 26, 1957

Mr. Paul C. Stetzelberger, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland 1, Ohio.

Dear Mr. Stetzelberger:

In accordance with the request contained in your letter of July 22, 1957, the Board approves the designation of the following named individuals as special assistant examiners for the Federal Reserve Bank of Cleveland:

Louis R. Chalfant	Ralph E. Perry
Donald G. Gilbert	Thomas Petroze
Charles C. Glass	Herbert Plogman
Robert Groh	Gene A. Smith
Douglas Haney	Robert Smith
Richard Howard	Walter H. Woods
Ollie McEntyre	

Appropriate notations have been made on our records of the names to be deleted from the list of special assistant examiners.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 13
7/29/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 31, 1957

Office of the Executive Director,
President's Conference on Technical and Distribution
Research for the Benefit of Small Business,
Room 4805,
U. S. Commerce Department Building,
Washington 25, D. C.

Gentlemen:

This is in reply to the inquiry of Mr. Charles W. Smith, Chairman of the Invitation Committee of the President's Conference on Technical and Distribution Research for the Benefit of Small Business, to Chairman Martin inquiring whether the Federal Reserve System would care to have a member of its staff attend the Conference. The Board would be pleased if an invitation could be extended to Miss Susan S. Burr, Assistant Director of the Division of Research and Statistics. Miss Burr is thoroughly familiar with System publications as well as various kinds of System research which might be of special value to small business.

Sincerely yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.